

Hearing Date: November 30, 2011 at 10:00 a.m.

KLESTADT & WINTERS, LLP
Tracy L. Klestadt, Esq.
John E. Jureller, Jr., Esq.
570 Seventh Avenue, 17th Floor
New York, New York 10018
Telephone: (212) 972-3000

FOSTER PEPPER PLLC
Jane Pearson, Esq.
1111 Third Avenue, Suite 3400
Seattle, WA 98101-3299
Telephone: (206) 447-4705

Attorneys for Yakima-Tieton Irrigation District

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In Re:

LEHMAN BROTHERS HOLDINGS, INC., et
al.,

Debtors.

Chapter 11 Case No.

08-13555 (JMP)

(Jointly Administered)

LEHMAN BROTHERS SPECIAL
FINANCING, INC., *et al.*,

Debtor.

08-13888

SIPA

**DECLARATION OF RICHARD DIEKER IN SUPPORT OF
YAKIMA-TIETON IRRIGATION DISTRICT'S RESPONSE TO
DEBTORS' TWO HUNDRED NINETEENTH OMNIBUS OBJECTION
TO CLAIMS (VALUED DERIVATIVE CLAIMS)**

Richard Dieker, under penalty of perjury under the laws of the United States of America,
states and declares as follows:

1. I am the Secretary-Manager for Yakima-Tieton Irrigation District ("YTID"), an
irrigation district organized and existing under the laws of the State of Washington. I have
personal knowledge of the facts contained in this declaration and if asked to testify regarding the
same would and could competently do so.

2. On April 20, 2009, YTID timely filed its unsecured proof of claim in the amount

1 of \$546,568.34 against Lehman Brothers Special Financing Inc. ("LBSFI"). Attached as **Exhibit**
2 **A** is a true and correct copy of YTID's proof of claim against LBSFI. Attached to the proof of
3 claim are the documents evidencing the claim, including the Debt Service Deposit Agreement
4 dated as of December 12, 1996, as amended as of September 24, 2003, and the Termination
5 Notice from YTID dated November 26, 2008.

6 3. YTID also timely filed the claim required for a derivative contract, and completed
7 the Derivative Questionnaire. Attached as **Exhibit B** is a true and correct copy of the Claim
8 Form Filing Confirmation for YTID. As part of this claim, YTID submitted the document(s)
9 attached as **Exhibit B-1**, which is referenced in the Claim Form Filing confirmation as Yakima
10 4c.pdf. Exhibit B-1 is Winters & Co. Advisors, LLC's Determination of Termination Amount
11 for Yakima-Tieton Irrigation District/Lehman Brother Special Financing Inc. Debt Service
12 Deposit Agreement, dated January 30, 2009.

13 4. The amount of YTID's claim is based upon the determination set forth in Exhibit
14 B-1, which has been provided to the Debtor in the Derivative Questionnaire.

15 5. The Debtors' Two Hundred Nineteenth Omnibus Objection to Claims (Valued
16 Derivative Claims) (the "Objection") asserts that the claims, including YTID's claim against
17 LBSFI, "should be reduced and allowed on the basis that the amounts listed on the proofs of
18 claim are greater than the fair, accurate, and reasonable values determined by the Debtors after a
19 review of the claimant's supporting documentation and the Debtors' books and records."
20 Objection, p. 2, ¶ 2.

21 6. Contrary to the statements in paragraphs 14, 15 and 16 of the Objection, the
22 communications between the Debtors and YTID regarding YTID's claim have been quite
23 limited. In late 2009, representatives of the Debtors communicated with YTID and its advisors,
24 and proposed that YTID accept an allowed claim against LBSFI in the amount of \$185,000,
25 which is the same amount proposed by the Objection. YTID advised the Debtors that in order
26 for YTID to make a determination of the fairness and reasonableness of this proposal, YTID

1 needed to know what methodology the Debtors had used to arrive at this amount. I have asked
2 for this information several times from the Debtors. The Debtors have refused and failed to
3 provide this important information on the basis that it is proprietary and cannot be shared. The
4 result of this refusal is that the Debtors' offer is an ultimatum, and there have been no
5 meaningful negotiations, notwithstanding the effort and expense YTID has undertaken to
6 understand the basis of the Debtors' position, which is significantly different from YTID's claim
7 as valued by Winters & Co. Advisors, LLC.

8 Executed at Yakima, Washington, this 8th day of November, 2011

10 /s/Richard Dieker
11 Richard Dieker